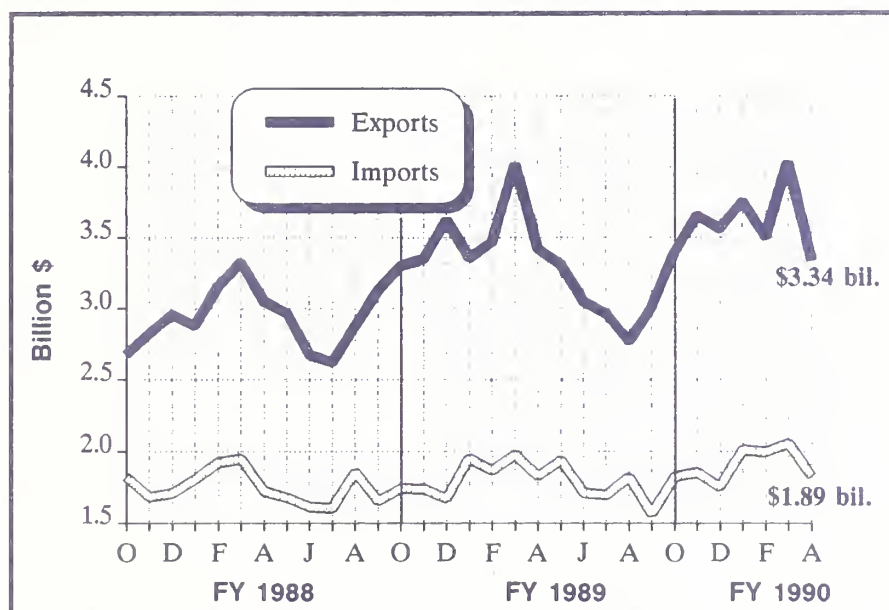


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AGRICULTURAL TRADE HIGHLIGHTS

April Exports Total \$3.34 Billion, Imports Drop to \$1.89 Billion



April trade data released by the Commerce Department on June 15 placed U.S. *agricultural exports* at \$3.34 billion and 12.2 million metric tons. This is down from last month's export value of \$4.03 billion, which was the highest monthly total in 10 years and the fourth highest on record. Compared with last April, this month's total was down \$68 million in value and 560,000 tons in volume.

April's performance brought the cumulative export total (October-April) for fiscal 1990 to \$25.2 billion and 96.0 million tons, compared with the fiscal 1989 total of \$24.5 billion and 89.6 million tons. This represents an increase of approximately 3 percent in value and 7 percent in volume.

When compared with last April's monthly totals, the most significant gains were made by cotton (up 36 percent to \$253 million) and rice (up 22 percent to \$81 million). Poultry meat, fresh and processed fruits and vegetables, juices and tree nuts also made significant gains for the month. Among the major decliners for April were wheat (down 31 percent to \$355 million), soybean meal (down 51 percent to \$80 million), and soybean oil (down 74 percent to \$7 million).

A brief look at the 5-year trend shows cumulative-to-date export value has increased from \$17.3 billion during the first 7 months of fiscal 1986 to \$25.2 billion in fiscal 1990. The most significant gain was in grain and feeds which jumped from \$5.9 billion to \$9.6 billion during the

1986-90 time period. Other large gains were made by livestock products (from \$2.1 billion to \$3.2 billion), fruits and vegetables (from \$1.6 billion to \$2.8 billion), and cotton (from \$736 million to \$2.2 billion).

Agricultural imports for April totaled \$1.89 billion, down \$250 million from last month but up \$60 million from April 1989. This brought the import total for the first 7 months of fiscal 1990 to \$13.5 billion, up \$800 million over last year's level.

On May 30, the fiscal 1990 forecast for U.S. agricultural exports was increased to \$40 billion and 150 million metric tons. This compares with the February forecast of \$38.5 billion and 148.5 million tons. Much of the increase is due to a change in the way trade is reported between the United States and Canada. It also reflects improved export prospects for corn, soybeans, and cotton.

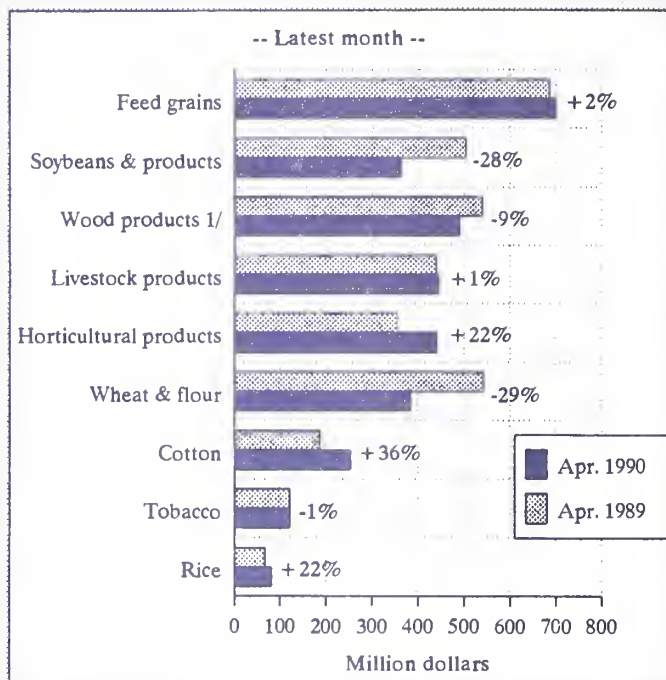
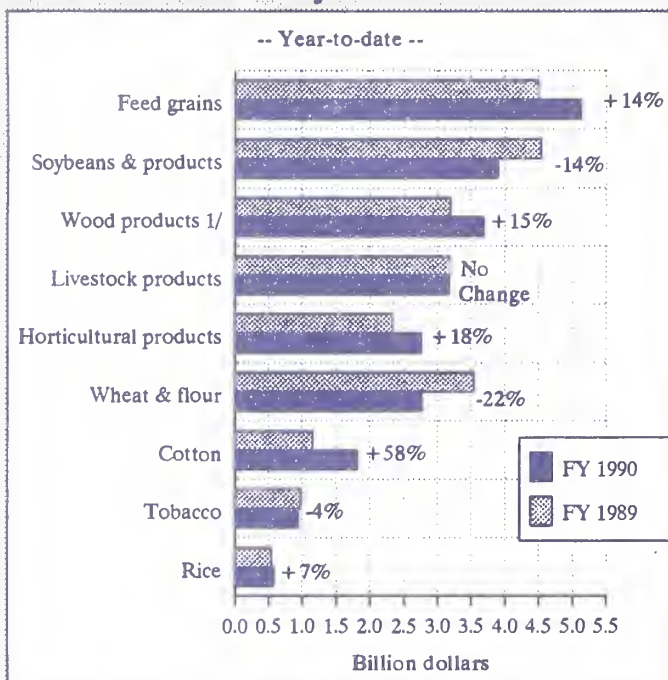
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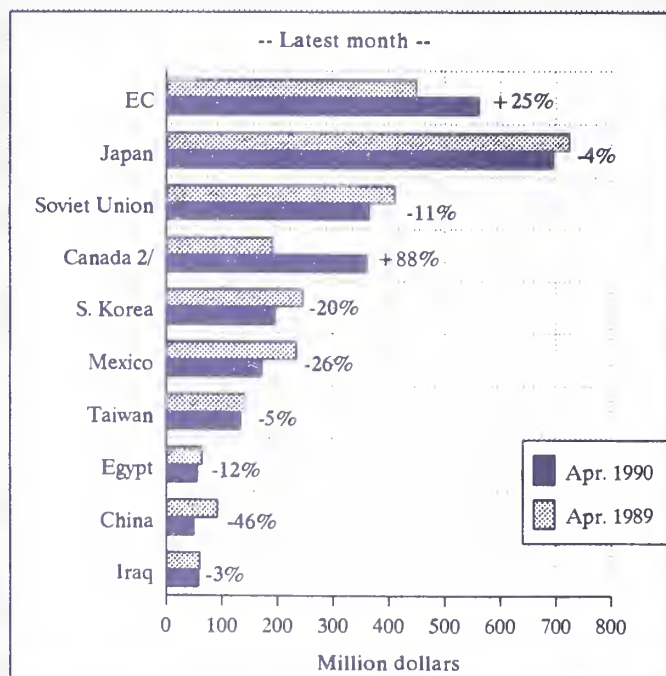
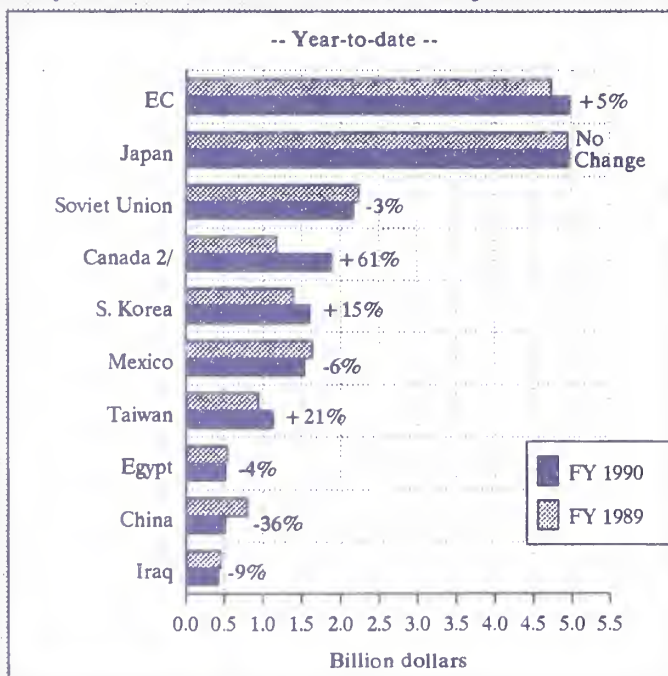
U.S. Agricultural Export Summaries

October-April and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada have been under-reported in past years by about \$1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

April's U.S. exports declined 2 percent from last year's monthly totals. Weak shipments for wheat and soybean products accounted for much of the loss. However, aggregate agricultural exports to date advanced 3 percent, to \$25.2 billion, while export volume rose 7 percent, to 96 million tons. So far in fiscal 1990, the European Community (EC) and Japan share the top market position.

Wheat and flour exports were down sharply in April. Exports dropped 29 percent in value, to \$384 million, and 26 percent in volume, to 2.4 million tons. Thus far in fiscal 1990, wheat and flour exports are down 22 percent in value, to \$2.8 billion and 24 percent in volume, to 17 million tons. Gains made to Egypt (up 6 percent) and Japan (up 6 percent) could not offset the substantial losses to the Soviet Union (down 23 percent), China (down 57 percent), and Pakistan (down 44 percent).

U.S. feed grain exports for the month of April were \$699 million, up 2 percent from year-ago levels and up 6 percent in volume, to 5.9 million tons. These figures brought feed grain exports for October-April 1990 to 44.6 million tons or \$5.1 billion. Exports to Mexico and South Korea registered significant gains, up 52 percent and 45 percent, respectively, for the first 7 months of fiscal 1990. Other major U.S. feed grain markets are the Soviet Union, Japan, and Taiwan.

The downward trend in the value of U.S. soybeans and products exports continued for the month of April. Exports declined 28 percent in value and 9 percent in volume compared with April 1989. During the first 7 months of fiscal 1990, the export value was down 14 percent but volume has increased 11 percent. Much of the decline in value is due

to lower prices. Reduced exports to the top three U.S. markets reflect these significant declines: the EC was down 5 percent, Japan down 16 percent, and the Soviet Union down 16 percent.

Benefitting from strong world demand and short exportable supplies by competitors, U.S. cotton exports registered another healthy gain in April. Sales for the month totaled 163,000 tons and \$253 million, compared to 140,000 tons and \$186 million a year ago. For the first 7 months of fiscal 1990, U.S. cotton exports increased 58 percent in value, to \$1.8 billion, and 34 percent in volume, to 1.1 million tons. All of the traditional U.S. cotton markets registered strong gains from year-ago levels: Japan was up 48 percent, the EC up 92 percent, South Korea up 23 percent, China up 44 percent, and Indonesia up 110 percent.

Unmanufactured tobacco exports for April declined 1 percent in both value and volume, to \$120 million and 18,000 tons, respectively, from year-ago levels. Sales for October-April were down 4 percent in value, to \$964 million, but up 3 percent in volume, to 157,000 tons. Exports were up to a number of markets including the EC (up 28 percent), Taiwan (up 148 percent), Thailand (up 23 percent), and Hong Kong (up 31 percent). Sales to Japan showed a decline of 25 percent.

April's trade figures showed rice sales advancing by 22 percent in value and 11 percent in volume from last April. Cumulative-to-date exports increased 7 percent in value but declined 2 percent in volume from year-ago levels. Leading markets so far this year are Iraq (down 17 percent), the EC (down 7 percent), Mexico (up 419 percent), Peru (up 439 percent), and Saudi Arabia (up 4 percent).

April's U.S. livestock exports posted only a slight gain (1 percent) in value compared to last April. At \$3.2 billion, cumulative-to-date sales also registered little change from the same period of a year ago. Leading markets for U.S. livestock products were Japan, South Korea, the EC, Mexico, and Canada.

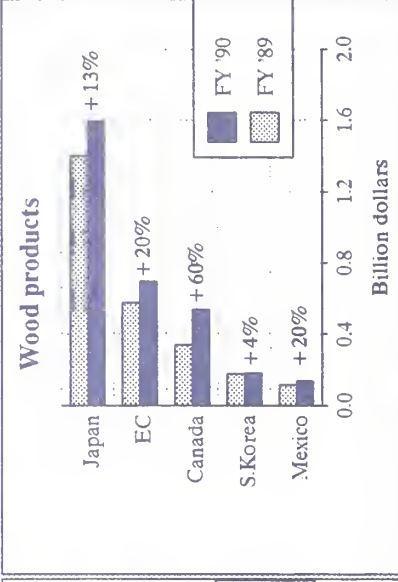
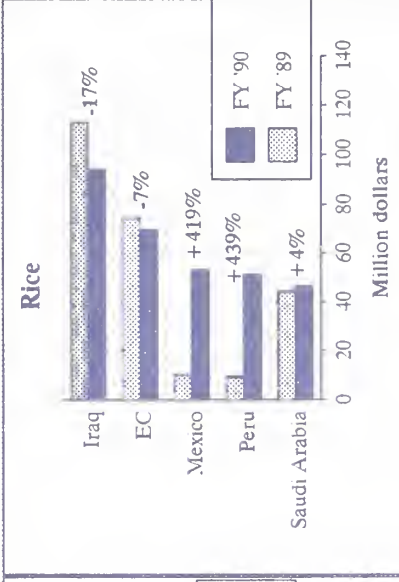
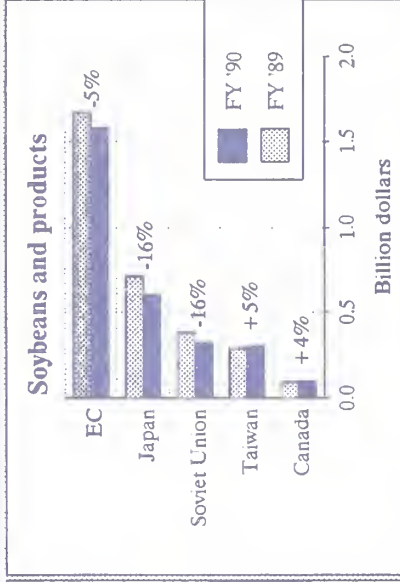
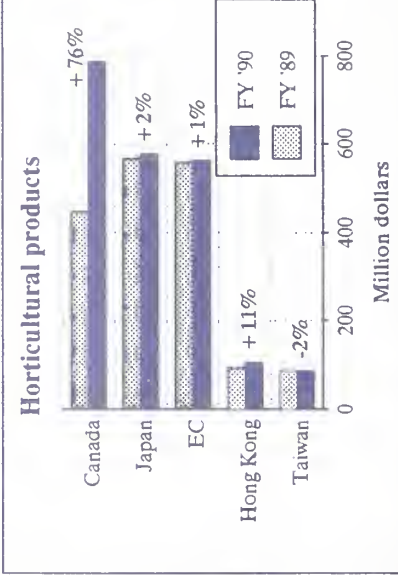
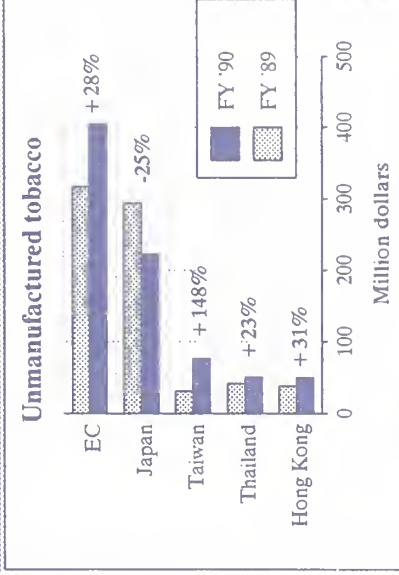
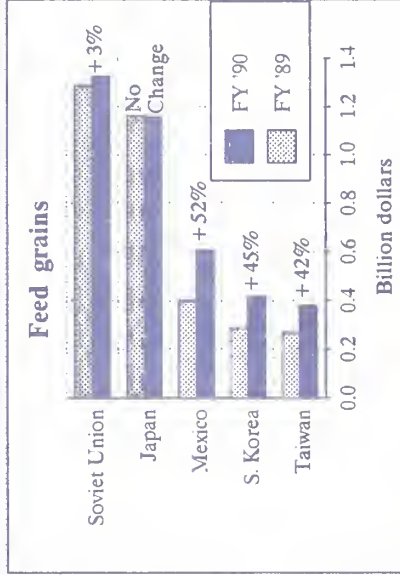
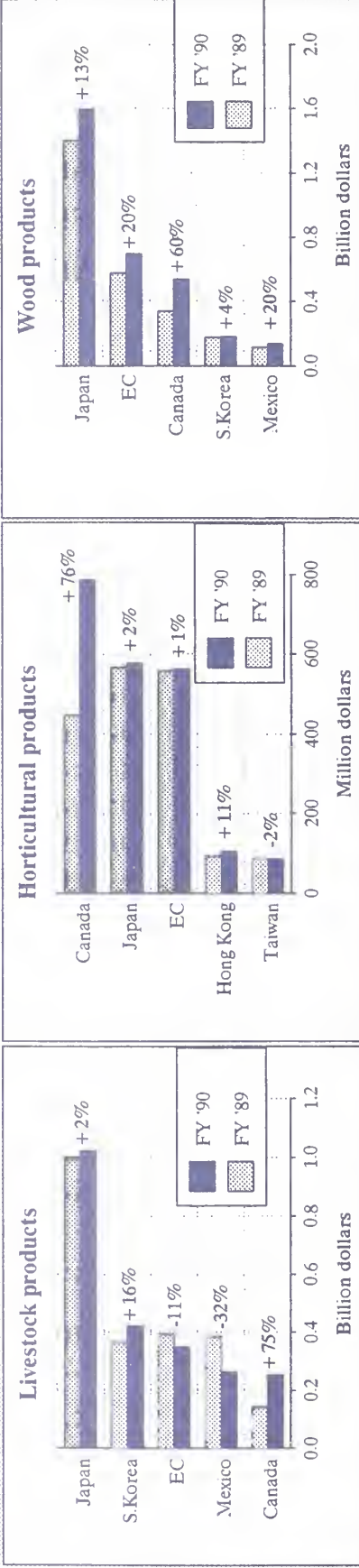
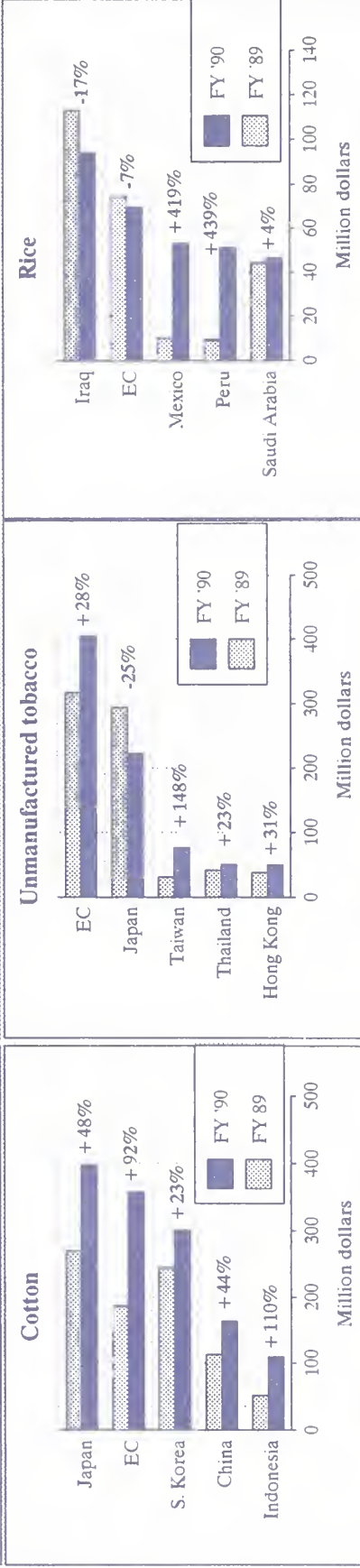
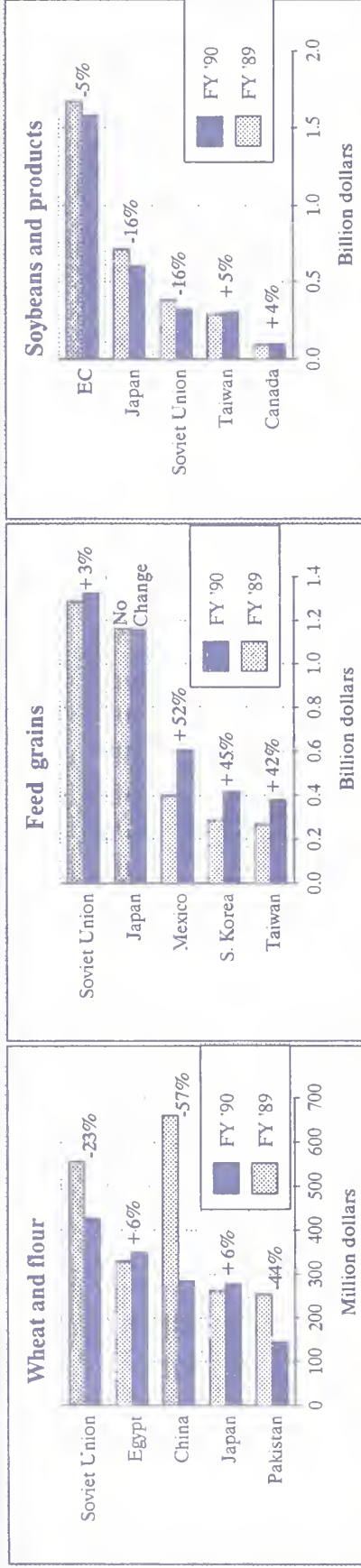
Export value of nearly all horticultural products advanced in April. This resulted in an overall value increase of 22 percent from last April. During the first 7 months of fiscal 1990, horticultural products exports gained 18 percent in value and 7 percent in volume. Canada was the top market, followed by Japan, the EC, Hong Kong, and Taiwan.

April's exports of wood products dropped 9 percent from a year ago to \$493 million. Losses were seen in softwood logs, wood chips, and softwood lumber exports. However, year-to-date U.S. wood product exports still showed a healthy gain of 15 percent, to \$3.6 billion. Japan remains the leading market for wood products followed by the EC, Canada, South Korea and Mexico.

For more information, contact Emiko Miyasaka at (202) 382-9148.

Top Five Markets for Major U.S. Commodities

October-April Comparisons



Note: Percentages are computed as the change from fiscal 1989 to fiscal 1990.

Consumer-oriented Exports Increase As Bulk and Intermediate Products Decline

Consumer-oriented agricultural products continued steady growth, up 11 percent, while *bulk* and *intermediate products* declined 6 and 4 percent respectively, from year-ago levels.

Cumulative-to-date fiscal year exports show a 3-percent increase over fiscal year 1989. Most of this increase continues to come from consumer-oriented products, up 11 percent, to \$5.2 billion; and to a lesser extent bulk products, up 3 percent, to \$14.4 billion. Intermediate products remain 4 percent below fiscal 1989 figures.

Total bulk exports for April were \$1.8 billion, down 6 percent from the year-ago figure of \$1.9 billion. However, cumulative-to-date fiscal year numbers show bulk up 3 percent. Corn is up modestly over last April, while cotton reported the strongest

Consumer-oriented products lead export growth.

growth this period, up 36 percent to \$253 million.

The main reason for the downturn in bulk products this month over last April comes from declines in wheat and soybeans. Wheat is down 31 percent from year-ago April figures while soybeans are down 12 percent.

Intermediate products continue to register declines, down 4 percent from April 1989, at \$760 million. Feeds and fodders increased 20 percent over year-ago levels, and is 6 percent above the first 7 months of last fiscal year. Hides and skins were up 13 percent over year-ago figures, at \$160 million. These increases were offset by decreases in soybean

meal (down 51 percent) and animal fats (down 7 percent).

At \$5.2 billion, consumer-oriented products are 11 percent above cumulative-to-date fiscal 1989 figures. Fresh fruit and vegetables remain strong with 22 percent growth over last year. Poultry meat, tree nuts, and processed fruits and vegetables all produced gains, with growths of 29, 22, and 18 percent respectively. The only major category to show a decline was red meats, dropping 7 percent to \$148 million.

Most of the \$1.5-billion upward revision made in the fiscal 1990 export forecast in May was for bulk and consumer-oriented commodities. In bulk products, the prospects for corn, soybeans, and cotton are improved from February's forecast. In the consumer-oriented category, the forecast for horticultural products jumped, mainly due to the new export reporting method with Canada.

For more information, contact Kelly Kirby at (202) 382-1034.

Bulk commodities include wheat, rice, feed grains, soybeans, other unprocessed oilseeds, cotton, unmanufactured tobacco, planting seeds, and pulses.

Intermediate products are principally semi-processed products such as wheat flour, feeds and fodders, hops, oilseed meals, vegetable oils, hides and skins, animal fats, wool, and refined sugar. Live animals are also included.

Consumer-oriented products are fundamentally end-products that require little or no additional processing for consumption and include all items not listed in the above categories, such as fresh and processed horticultural products, fresh and processed meats, dairy products, table eggs, and bakery products.

U.S. Agricultural Exports by Major Processing Stage April 1990 Versus Month-ago and Year-ago

Major Products Exported	Apr. 1990	Month Ago	Year Ago	% Change From Mar.'90	Apr.'89
	-- Million \$ --				
Bulk products	1,800	2,285	1,919	-21%	-6%
Corn	577	554	545	16	6
Wheat	355	462	516	-23	-31
Soybeans	277	535	314	-48	-12
Cotton	253	348	186	-27	36
Tobacco	120	168	121	-29	-1
Rice	81	85	66	-5	22
Pulses	17	22	25	-22	-32
Intermediate products	760	905	789	-16	-4
Feeds & fodders	166	216	138	-23	20
Hides & skins	160	174	142	-8	13
Soybean meal	80	111	163	-28	-51
Animal fats	41	45	44	-9	-7
Planting seeds	37	55	33	-33	12
Consumer-oriented	781	840	701	-7	11
Fresh fruits & vegetables	170	172	139	-1	22
Red meats	148	175	159	-15	-7
Processed fruits & vegetables	98	100	84	-2	18
Poultry meat	55	60	43	-8	29
Tree nuts	52	58	42	-10	22
Grand total	3,341	4,030	3,409	-17	-2

Imports Drop Below March's Record... Sharp Decline Seen in Vegetables

U.S. agricultural imports for the month of April totaled \$1.89 billion, down 12 percent from last month's record total of \$2.14 billion but up 4 percent from the year-ago total of \$1.83 billion. April's figure brought the cumulative import total (October-April) for fiscal 1990 to \$13.5 billion compared with the 1989 cumulative-to-date level of \$12.7 billion.

Continuing recent trends, *competitive* products were above last year's monthly level while *noncompetitive* products were below the April 1989 total. Competitive imports totaled \$1.4 billion compared with last year's monthly total of \$1.3 billion, an increase of 8 percent. Much of the increase was in dairy and poultry products (up 17 percent) and pork (up 21 percent). Noncompetitive products totaled \$485 million, com-

Increased U.S. production leads to decline in vegetable imports.

pared with last year's monthly total of \$517 million, a decrease of 6 percent. Much of this decline was in rubber and allied gums (down 40 percent) and spices (17 percent).

Ending recent trends, imports of vegetables were down 11 percent from last year's monthly level. Leading this decline were purchases of Mexican tomatoes which fell to \$10 million from \$30 million in April 1989. Cucumbers, primarily from Mexico, and beans, mainly from Mexico and Chile, also dropped noticeably from last year's figure. Increased U.S. production of these vegetables after the December freeze

and lower prices are the major causes of the reduced import values and volumes.

While cocoa imports have been down from year-ago levels in recent months, April's imports were up 10 percent from the previous year. About 40 percent of the cocoa entering the country in April was purchased from African nations, especially the Ivory Coast.

Since African cocoa is bought on 6 to 12-month contracts, most of this incoming cocoa was purchased when cocoa prices were at particularly low levels. Very low contract prices combined with increasing utilization of cocoa by chocolate companies in the United States explain, in part, higher imports for the month.

The EC continues to be the leading supplier of U.S. agricultural imports. The EC increased the value of its sales to the United States by 14 percent in April. Mexico--the second largest supplier--increased its sales value 2 percent, while Canada--the third largest supplier--increased 18 percent.

On May 30, the forecast for U.S. agricultural imports was raised and now projects record imports of \$22 billion for fiscal 1990. This compares with the February forecast of \$21.5 billion. The current record of \$21.5 billion was set last year.

For more information, contact Kathleen Anderson, (202) 382-9055.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools. All other imports are classified as competitive.

U.S. Agricultural Imports by Major Product Sector

April 1990 Versus Month-ago and Year-ago

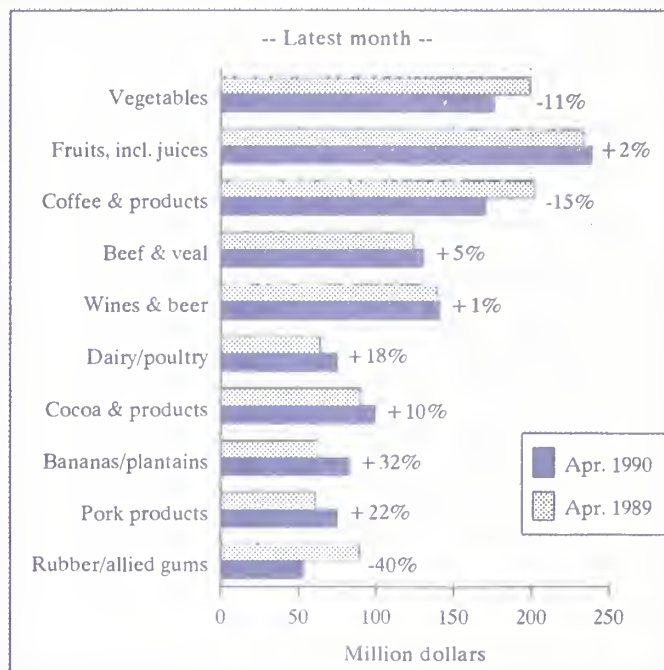
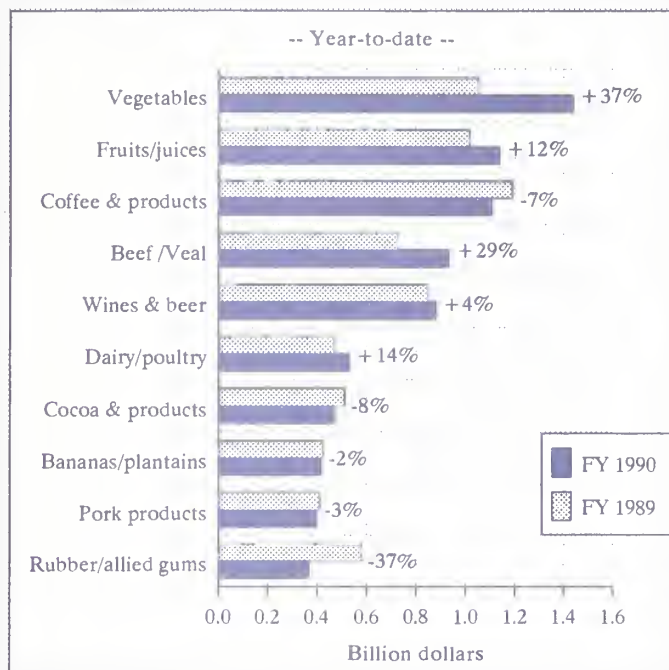
Import Category	Apr. 1990	Month Ago	Year Ago	% Change From Mar.'90 Apr.'89	
	-- Million \$ --				
Total competitive	1,408	1,593	1,308	-11%	8%
Vegetables	176	308	199	-42	-11
Fruits, incl. juices	239	257	234	-7	2
Beef & veal	129	162	124	-20	4
Wines & beer	140	132	139	6	1
Dairy/poultry	74	73	63	1	17
Pork	74	82	61	-10	21
Total noncompetitive	485	550	517	-12	-6
Coffee & products	170	221	201	-23	-15
Cocoa & products	99	89	90	11	10
Bananas/plantains	82	81	62	1	32
Rubber/allied gums	53	69	89	-23	-40
Spices	19	24	23	-20	-17
Tea	15	15	12	0	25
Total agri. imports	1,894	2,143	1,825	-12	4

Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

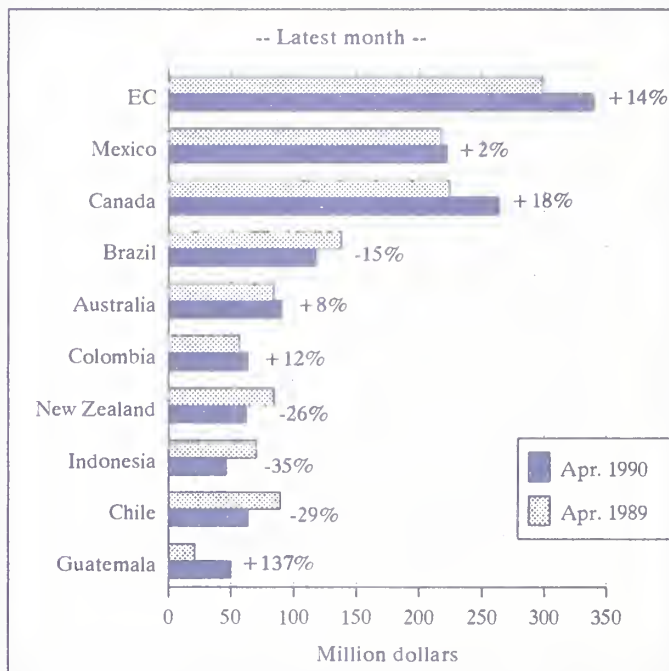
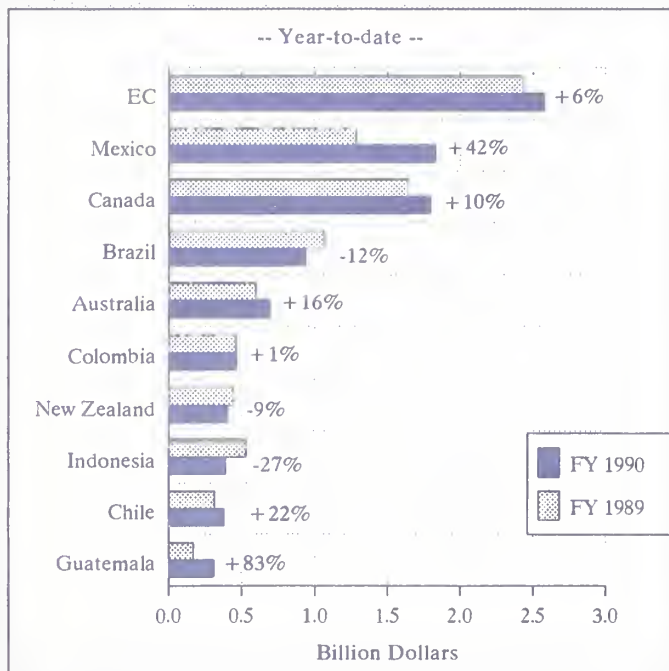
U.S. Agricultural Import Summaries

October-April and Latest Month Comparisons

Product Summary



Top Ten Suppliers Summary



Note: Percentages are computed as the change from a year ago.

Trade Policy Updates...

USSR Announces Price Reform Package

The Soviet government has proposed a cautious transition to a market economy including a price reform program and accompanying compensatory income policies. The program is subject to approval by the Supreme Soviet and the electorate. The reforms will be gradually implemented in 1991 and would increase significantly food retail prices, wholesale prices, and agricultural purchase prices. The program imposes a profitability ceiling of 40 percent for agricultural enterprises and places an emphasis on taxation. The ruble will become partially convertible in 1993.

Korea Agrees to Continue To Allow Stickers

Earlier in 1990 the Korean government announced that effective July 1, 1990, ingredient labeling must be printed in Korean on packaged goods, which would require special packaging for shipments to Korea. Currently this information is put on the package via a sticker. In late May, the Government agreed to continue to allow stickering. They will require, however, that the sticker be placed on the package in the United States or in bonded warehouses before customs clearance.

India Renews Import Licenses for Almonds

India has reinstated the policy of granting additional licenses to export firms and trading houses for the import of almonds. Under this system, trading houses may apply for almond import licenses equivalent to 5 percent of their previous export earnings. The value of almond imports for the Indian fiscal year (April-March) is expected to reach up to \$35 million, or \$15 million above the minimum level set in the 1988 Record of Understanding between India and the United States. The reinstatement of additional licensing, however, was approved for fiscal 1990 only. Further extension of the policy will be considered following an end-of-year review.

Marathon EC Ag Council Results in Removal of Ban on BSE Beef

An emergency EC Ag Council meeting on June 6 resulted in an agreement by France, Germany, and Italy to remove the ban on meat imports from the United Kingdom as a result of consumer fears over the epidemic of Bovine Spongiform Encephalopathy (BSE). The compromise requires that the United Kingdom provide certification that exported meat is from herds in which BSE has not been diagnosed; that boneless beef be free of offal and tissues; and that any exported live animals not exceed 6 months in age.

Switzerland Releases Report on Direct Payments in Agriculture

The Swiss Federal Office of Agriculture has released the 290-page report of a special commission analyzing the role of direct payments in future Swiss agricultural policy. The report recommends modification of Switzerland's basic agriculture law to: 1) permit the parity income guarantee to farmers to be achieved not only by adequate prices, but also by a complement of direct payments, and 2) authorize direct payments to achieve environmental objectives and to reduce surplus production. The Swiss Government must now decide whether to implement these recommendations.

EC Reduces Export Refund on Pasta to the United States

Effective June 1, the EC Commission lowered the export refund on pasta exports to the United States by increasing the reduction in the subsidy to the United States from 15 percent to 25 percent of refund to other destinations. This adjustment will reduce the export refund for pasta destined to the United States by approximately \$2.50 per ton from \$22.00 to \$19.50. Under the U.S.-EC Pasta Agreement, the European Community agreed to fine tune the payment of export subsidies on pasta exported to the United States so that roughly 50 percent of exports receive subsidies. In February and March of this year, subsidized exports comprised 79 and 96 percent of shipments, respectively.

...Trade Policy Updates

Auditors Accuse EC of Mismanaging Farm Export Refunds

In a recent report, EC auditors stated that the Commission's handling of its highly complicated system of refunds for exported grains, beef, and milk and milk products did not reflect market realities. The Commission's practices were found to be unsatisfactory in terms of public accountability and contained insufficient safeguards to prevent fraud. Commission Agriculture Director-General Guy Legras rejected the criticism of the methods used to calculate the appropriate levels of rebates, asserting that extensive analysis was made before setting levels. The 100-page study cites an incident where a shipment of French wheat bound for the Soviet Union stopped in Hamburg to unload and reload in order to qualify for the higher subsidies paid for wheat exported from West Germany.

Japan Announces Quota Allocations for Non-Fat Dry Milk Powder

As specified in the 1988 GATT-11 agreement, the Government of Japan (GOJ) provided USDA with advance notification of quota allocations for imported non-fat dry milk (NFDM) powder for school lunch and child welfare facilities. The GOJ announced June 7 a NFDM import allocation for school lunch of 1,800 tons and an import allocation for child welfare facilities of 1,308 tons, both for the first half of Japanese fiscal year (JFY) 1990 (April 1990 - September 1990). Applications for import allocation will be accepted from June 14 through September 14, 1990. While the quota levels are slightly lower than the levels set in the agreement for the first half of JFY 1988 (the only period for which quota levels were specified in the agreement), the announcement itself conforms to the GATT-11 agreement.

Trade Policy Fact Sheets

- Meat Import Law
- U.S./Soviet Grain Trade
- U.S. Food Donation Programs Overseas
- U.S.-Canadian Free Trade Pact and What It Means to U.S. Agriculture
- Section 301: Protecting U.S. Trade Rights
- Multilateral Trade Talks and U.S. Agriculture
- U.S.-EC Agreement on Compensation for EC Enlargement
- U.S. Agricultural Proposal in Multilateral Trade Negotiations
- U.S. Legislation Counters Unfair Foreign Trade Practices

Requests for copies of Fact Sheets listed above may be sent to the Trade Assistance and Planning Office, Foreign Agricultural Service, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 756-6001. FAX (703) 756-6124.

Trade Policy Updates are intended to provide information on trade policy issues not widely covered in the media, but which are important to U.S. trade. They are prepared monthly by the Trade Assistance and Planning Office, International Trade Policy, Foreign Agricultural Service, U.S. Department of Agriculture. For more information, contact James E. Ross at (703) 756-6001.

Market Updates...

U.S. Recaptures Role As Leading Cotton Supplier to Malaysia

Strong growth in Malaysia's textile exports to the United States, Singapore, and the EC have boosted export earnings to a record \$1.4 billion in 1989, a 28-percent increase over the previous year. Cotton spinners are operating at close to capacity resulting in record levels of raw cotton imports. While the U.S. share of Malaysia's cotton imports has declined in recent years due to increased dependence on Australia and Pakistan, tight supplies of raw cotton from these suppliers in the first half of marketing year 1990 have allowed the United States to recapture the leading share of the market. From August 1989 to February 1990, cotton imports from the United States more than tripled to 27,000 bales. The United States held about 25 percent of the market in the first half of marketing year 1990.

Australia's Cotton Problems May Boost Demand for U.S. Crop

South Korean mills are reportedly having difficulty obtaining sufficient quantities of high grade cotton due to the rain-related downgrading of the Australian and other southern hemisphere crops. As a result, South Korean mills are expected to buy more U.S. cotton in 1990. Historically, South Korea has relied heavily upon U.S. cotton; however, in recent years it has made efforts to find lower priced cotton, shorter delivery times, and a wider range of cotton suppliers. U.S. cotton's share of South Korea's imports dropped from 88 percent in marketing 1981 to 58 percent in marketing year 1989.

New Wheat Agreement May Affect U.S. Grain Exports to Mexico

The Canadian Wheat Board and CONASUPO (Mexico) have signed a letter of intent covering total sales of 200,000 tons of wheat to Mexico during 1990 and 1991. These sales would cover approximately 25 percent of Mexico's forecast wheat import volume for this year. Canadian sales under the agreement could have a direct impact on U.S. grain exports to Mexico. Mexican purchases of milling wheat from Canada could result in a direct displacement of U.S. wheat exports, while purchases of feed quality wheat could adversely impact U.S. corn and sorghum exports to Mexico. Sales under the agreement are subject to availabilities and agreement on price and delivery periods. Negotiations were reportedly completed in December 1989. The letter, which was the first letter of intent from Mexico in 3 years, was signed in May 1990.

Brazil Could Be Major Corn Importer

Brazil may need to import over a million tons of corn, primarily from the United States, as a result of a smaller harvest. Three successive bumper corn harvests had sharply curtailed Brazil's import needs in the past several years. The United States has historically supplied most of Brazil's imported corn, with the balance coming from Argentina.

Brazil Drops Tariff On Cattle

The Brazilian Ministry of Economics announced it has eliminated the 15-percent import tariff on slaughter cattle. Brazilian packing plants are expected to import 100,000 head of cattle mainly from Uruguay and Argentina. This action is the result of rising cattle prices and declining beef stocks. Packers have complained that the higher costs and current exchange rates have made Brazilian beef less competitive in export markets. The Ministry of Economics is also expected to reduce beef import tariffs as the seasonally low-slaughter period during the summer approaches.

Brazil Residue Certification Lifted

On June 1, the Food Safety and Inspection Service (FSIS) lifted Brazil's beef residue certification. This decision was based, not on a single incident, but on the general erosion in Brazil's residue control program. While a "lifting" is not considered as strong a measure as "delisting", it still points out the potential seriousness of this matter. Beef in transit will still be allowed to enter the United States. U.S. beef imports from Brazil were about 25,000 tons in 1989, and were projected to reach 30,000 tons in 1990 based on a strong first quarter performance of 7,000 tons valued at \$16.7 million.

...Market Updates

USSR Continues To Buy U.S. Broiler Meat	A contract was signed recently between the Soviet Government and a U.S. export firm for the sale of 50,000 tons of leg quarters. The first completed sale of broiler meat to the USSR since 1977 for approximately 40,000 tons occurred in the fourth quarter of 1989. Subsequent sales, along with this current contract, bring the total sales of U.S. broiler meat to the Soviet Union since 1977 to approximately 130,000 tons. Delivery is planned for July through October.
Korea Bans Large Companies From Livestock Production	Effective January 20, 1990, the Korean Ministry of Agriculture, Forestry and Fisheries will prohibit large conglomerates from entering into the livestock and poultry industry. The new policy is designed to provide full-time farmers with the opportunity to earn more income from livestock and poultry production.
Japan Reduces Imports Of Processed Meat Products	Under the United States-Japan Beef and Citrus Agreement signed in July 1988, imports of most processed beef products were liberalized on April 1, 1990. Concurrently, the tariff level on processed beef products including boiled beef, roast beef, fresh seasoned beef, and pastrami was raised from 25 to 70 percent. Trade sources active in the processed meat business indicate that the tariff increase has sharply reduced imports of affected processed meat products. Japanese imports of these products from the United States from April 1989 to March 1990 totaled \$34 million.
Imports of High-Quality Beef Into EC Lag Behind Quota	The lack of demand for High Quality Beef licenses reflects the difficulty European importers are having finding "hormone-free" beef at the right price, and the image problem this U.S. product has in Europe. Under current Commission regulations, licenses are made available for 2,500 tons each quarter. In May, an additional 15 tons were issued bringing the total of used licenses to only 257 for the year. Because unused portions from each quarter are rolled over into the next quarter, 4,743 tons are now available.
British Cat May Have Died From Infected Pet Food	Bovine Spongiform Encephalopathy (BSE), a fatal disease in adult cattle likely spread by feeding scrapie infected meat and bone meal in compound feed, is causing great alarm in the United Kingdom. This alarm increased after a cat died after eating allegedly BSE-contaminated pet food. The British Pet Food Manufacturers Association has advised its members to voluntarily exclude beef offals and by-products in the production of pet food. There is a call afoot to ban beef offals for pet food use. This raises concern for the largest remaining U.S. market for inedible beef variety meats in the EC. Exports of beef variety meats to the United Kingdom in 1989 were valued at \$1.6 million.
Argentine Offal Exports Increase Dramatically	The value of U.S. exports of beef variety meats to the European Community in 1989 was only \$10 million, or \$87 million less than in 1988. Meanwhile, Argentina, was able to comply with the hormone ban because its cattle are predominately grass fed and are not implanted with growth promoters. Argentina increased its exports of offals (mostly from cattle) by \$13 million.
Argentina Increases Beef Exports to Caribbean And Southeast Asia	Argentina is attempting to diversify its beef export markets and has targeted the Caribbean and Southeast Asia. Part of the country's marketing effort is to convince countries free of Foot and Mouth Disease to permit the entry of fresh boneless beef from countries still battling the disease. Argentine beef exports to Hong Kong were valued at \$11.3 million last year. U.S. exports of beef to Hong Kong were valued at \$13.8 million, 27 percent higher than in the previous year. Argentina broke into several new markets last year, including Malaysia, the Virgin Islands, and Haiti.

...Market Updates

Pork Shipment To Japan Contains Sulfamethazine

The Japanese Ministry of Health and Welfare (MHW) informed the U.S. Embassy that a pork shipment from the United States was found to contain 0.06 parts per million (ppm) of sulfamethazine. The MHW tolerance level is 0.05 ppm. Consequently, the violating export plant has been reclassified into the 100 percent hold and test list. This is the fourth sulfamethazine violation occurrence on pork from the United States in the past 2 years.

Singapore Increases Tobacco Imports

Singapore increased tobacco imports by 70 percent in 1989. Local cigarette manufacturers boosted their output substantially to cover higher demand from overseas markets. Trade increases were noted with a number of countries, including the United States, whose exports of unmanufactured tobacco to Singapore nearly doubled to 1,667 tons worth \$8.7 million dollars. Projections are for these increases to continue into 1990, possibly rising another 10 to 15 percent.

Production Capacity Limits Thai Cigarette Consumption

Thai demand for cigarettes has risen due to a booming economy and increasing population. Production rose from 29.6 billion pieces in 1986 to 38.8 billion pieces in 1989. With normal capacity of 24 billion pieces annually, the Thailand Tobacco Monopoly operates 10-16 hours a day, 7 days a week to meet demand. Production is expected to increase 3 percent to 40 billion pieces in 1990, limited by current production capacity. Until an additional facility is opened in 1991, or imports are legalized, cigarette consumption will continue to be restricted by limited production.

Japanese Company Purchases Australian Beef Processor

Nippon Ham, Japan's largest meat processor, has emerged as the unrivaled leader of the Australian beef processing industry with the purchase of a large Australian beef processor. The acquisition will make Nippon Ham larger than Australia's two major beef processors that remain in the area and will enable it to dominate the Australia-Japan beef export trade.

P.L. 480 Agreement With Yemen and Jamaica Amended

On May 22, the Yemen Arab Republic signed the first amendment to its fiscal 1990 P.L. 480, Title I agreement. The amendment provides \$5 million worth of feed grains. The first amendment to Jamaica's fiscal 1990 P.L. 480, title I agreement was signed on June 6. The amendment covered \$4 million in rice, \$3 million in corn/sorghum, and \$3 million in wood products. This amendment increases Jamaica's title I program to \$37.4 million.

West German Canned Cherry Production Down Again

West German production of canned cherries for 1989/90 is forecast at 28,673 tons, down 25 percent from the previous year. The continued downward trend in West Germany cherry production has resulted from low producer prices for fresh cherries for processing. This has led in turn to a decline in the number of commercially managed orchards and has forced the continued uprooting of trees.

For more information, contact Ron Croushorn at (202) 382-9522.

World Food Price Survey for May: Retail Prices in Tokyo Continue To Lead All Others

Americans visiting or doing business in Tokyo should not be surprised to find that, according to the most recent food price survey taken by the Foreign Agricultural Service (FAS) in May, the dollar-denominated cost of food there is still the highest of the 18 world capitals examined. At \$117, Tokyo's total for the 15-item market basket in question exceeded that of second-ranked Stockholm by \$10 and that of 13th-ranked Washington, D.C. by \$65. Mexico City, where the market basket cost only \$34, is the least expensive city.

Since November's survey, the dollar cost of the 15 items rose in 14 capital cities, fell in 2, and remained virtually unchanged in 2 others. The largest percentage increase was felt in Brasilia, where the cost of the surveyed products climbed 29 percent in U.S. dollars, followed by Buenos Aires (28 percent) and Seoul (20 percent). For each of these cities, inflation outpaced the effects of recent currency devaluations, causing the dollar expenditure on food to rise.

Washington, D.C. ranks 13th out of 18 capital cities surveyed.

Higher-priced boneless pork roast, eggs, and cheese contributed most significantly to the greater total food bill in Brasilia. In Buenos Aires, higher-priced butter, cheese, rice, and coffee added substantially to the total outlay. The prices of butter and cheese have risen so much during the year--especially in the past 6 months--that consumption of dairy products has dropped about 30 percent.

Canberra and Tokyo were the only two cities to experience a drop in the cost of the market basket, each reporting a 3-percent decline in the dollar price of the group. In Canberra, this decline resulted from a 3-percent depreciation of the Australian dollar. In Tokyo, the decrease was attributable to an 11-percent depreciation of the yen which outweighed the 8-percent increase in domestic prices.

In terms of local currency, 12 cities showed food price increases, 3 showed decreases, and 2 showed no change from November. The largest percentage increase for a city outside of Latin America occurred in Seoul, where prices rose 26 percent. London and Singapore reported the largest drop in the local currency cost of the food items. In both cities the market basket was 3 percent cheaper in May.

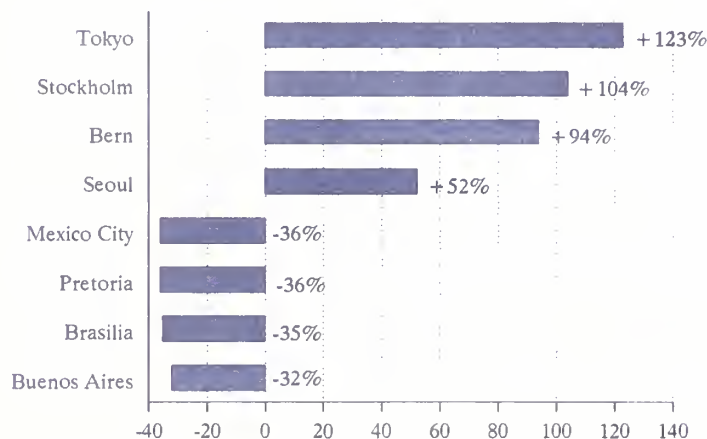
If the Western-style goods in the market basket were purchased by consumers in each capital on a regular basis, consumers in Buenos Aires, Seoul, and Mexico City would spend the greatest percentage of their weekly income on food. On average, consumers in Argentina would exhaust more than their weekly earnings on these items, while people in Seoul and Mexico would spend 84 and 77 percent, respectively. In the United States and Canada, consumers devote around 13 percent of their income to food purchases.

Each May and November, the world food price survey is taken by FAS attaches in 18 world capitals. The price recorded for each item is the average retail price collected from a sample of local supermarkets. This price information makes comparison of like commodity prices possible for different countries.

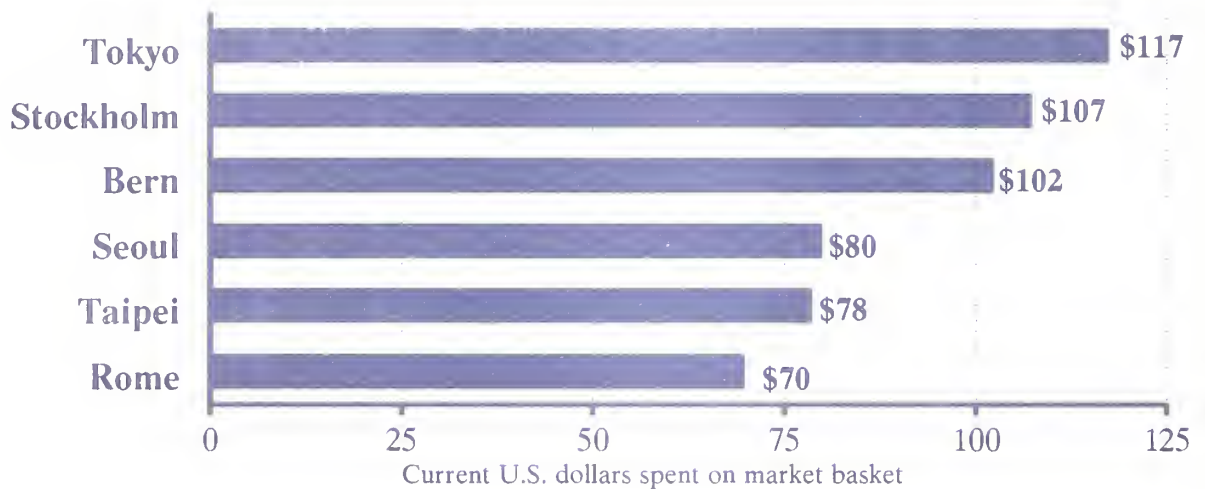
For more information, contact Kathleen Anderson at (202) 382-9055.

Note: In those capitals where currency black markets operate, the true cost of the sampled food items cannot accurately be measured because only official exchange rates are used for those countries. Since black-market rates for the dollar are higher than official rates, dollar-denominated prices in those capitals will be lower than those cited above.

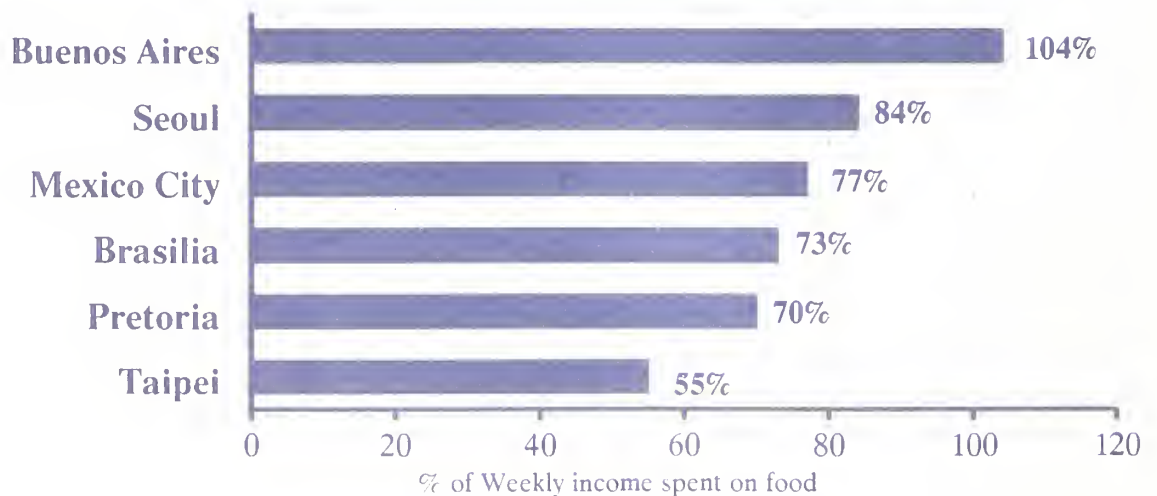
Food Prices in Washington, D.C. as Compared to Other Capital Cities, in Percentage Terms



Although Food Is More Costly in Developed Countries...



Developing Countries Devote a Greater Share Of Income to Food Purchases



World Food Price Comparisons...

Current Prices in U.S. Dollars 1/

		Bern /2	Bonn	Brasilia	Buenos Aires	Canberra	London	Madrid	Mexico City	Ottawa
Steak, sirloin, boneless	Kg	33.54	14.02	3.65	2.35	7.87	14.25	13.68	4.78	9.35
Pork, roast, boneless	Kg	12.11	7.13	5.41	5.09	4.54	4.02	9.09	6.61	7.64
Broilers, whole	Kg	4.10	2.70	1.68	1.55	2.67	3.62	3.17	2.35	2.79
Eggs, large	Dozen	4.37	1.29	1.25	0.90	1.63	2.08	2.13	0.71	1.01
Butter	Kg	12.31	4.78	3.96	4.31	2.98	3.95	10.20	2.80	4.56
Cheese, Cheddar/Emmenthaler	Kg	12.64	9.20	6.60	7.83	4.67	5.93	11.97	6.05	10.46
Milk, whole	Liter	1.22	0.73	1.06	0.64	0.67	0.77	0.87	0.41	1.18
Oil, cooking	Liter	3.32	1.07	0.73	1.66	1.69	1.48	1.93	0.79	1.78
Potatoes	Kg	0.89	0.57	0.54	0.33	0.64	0.80	0.96	0.41	1.29
Apples	Kg	1.95	1.93	1.35	0.90	1.06	2.43	2.26	2.65	1.85
Oranges	Kg	1.49	1.62	0.77	0.67	1.52	3.02	1.44	0.64	1.85
Flour	Kg	1.30	0.56	0.68	0.65	1.01	0.65	0.88	0.28	1.02
Rice	Kg	2.18	2.26	0.71	1.47	0.94	1.73	1.97	0.56	2.02
Sugar	Kg	1.09	1.16	0.73	0.65	0.92	0.98	1.19	0.48	0.38
Coffee	Kg	9.72	9.15	4.94	7.05	11.59	9.32	7.72	4.30	7.53
Total May 1990		102.24	58.18	34.07	36.02	44.42	55.03	69.47	33.82	54.72
% change from November 1989 in U.S. dollars		15%	13%	29%	28%	-3%	2%	15%	5%	4%
% change from November 1989 in local currency		2%	0%	1005%	909%	0%	-3%	2%	12%	4%
% difference from Washington prices		94%	10%	-35%	-32%	-16%	4%	32%	-36%	4%
Average Weekly Income 3/		\$505	\$375	\$47	\$35	\$319	\$281	\$184	\$44	\$400

World Food Price Comparisons

Current Prices in U.S. Dollars 1/

		Paris	Pretoria	Rome	Seoul	Singapore	Stockholm	Taipei/4	Tokyo	Washington D.C.
Steak, sirloin, boneless	Kg	14.46	5.22	14.91	17.25	15.54	25.28	24.62	45.66	9.74
Pork, roast, boneless	Kg	7.23	3.00	10.36	6.89	7.96	24.75	9.09	12.08	7.61
Broilers, whole	Kg	6.49	1.84	4.81	3.97	3.17	8.41	5.11	5.03	2.27
Eggs, large	Dozen	2.79	0.87	2.02	1.38	1.16	3.10	1.57	1.14	1.11
Butter	Kg	6.01	2.90	7.66	6.34	3.87	6.83	6.61	9.12	4.85
Cheese, Cheddar/Emmenthaler	Kg	9.63	5.51	9.93	12.24	12.55	10.40	6.82	6.74	7.76
Milk, whole	Liter	1.05	0.59	1.14	1.18	1.24	0.92	1.70	1.19	0.63
Oil, cooking	Liter	1.50	1.30	1.11	1.69	1.94	8.67	0.99	1.97	2.03
Potatoes	Kg	1.45	0.67	0.83	1.75	1.08	0.88	1.50	2.14	1.46
Apples	Kg	2.26	0.65	2.07	2.93	1.67	2.90	2.52	3.60	2.43
Oranges	Kg	1.72	0.58	2.07	12.15	1.50	1.68	1.16	3.57	1.79
Flour	Kg	1.13	0.63	0.66	0.44	0.91	1.31	1.09	1.18	0.57
Rice	Kg	2.23	0.95	1.77	1.85	0.73	2.72	1.42	2.27	1.85
Sugar	Kg	1.32	0.58	1.14	0.87	0.71	1.23	1.34	1.55	0.99
Coffee	Kg	9.38	8.64	9.26	8.93	12.25	8.16	12.93	20.08	7.61
Total May 1990		68.66	33.94	69.73	79.85	66.27	107.23	78.48	117.33	52.69
% change from November 1989 in U.S. dollars		17%	7%	16%	20%	2%	10%	0%	-3%	0%
% change from November 1989 in local currency		3%	7%	3%	26%	-3%	2%	2%	8%	
% difference from Washington prices		30%	-36%	32%	52%	26%	104%	49%	123%	
Average Weekly Income 3/		\$326	\$49	\$289	\$95	\$194	\$428	\$142	\$446	\$404

1/ Exchange rates used are those in effect when survey was conducted.

2/ Survey conducted in March 1990.

3/ Weekly income is based on EIU figures for 1989 per capita GDP in current U.S. dollars divided by 52.

4/ Coffee price not available for May 1990. Price for November 1989 was substituted.

U.S. Agricultural Exports by Major Commodity Group

Year-to-date Performance Indicators and Fiscal 1990 Forecasts

	October-April			Fiscal Year		
	1988/89	1989/90	Change	1989	1990 (f) 1/	Change
	-- Billion dollars --			-- Billion dollars --		
Grains & feeds 2/	10.042	10.096	1%	17.098	16.3	-5%
Wheat	3.401	2.618	-23%	6.018	4.9	-19%
Wheat flour	0.149	0.150	1%	0.266	0.2	-25%
Rice	0.540	0.580	7%	0.956	0.8	-16%
Feed grains 3/	4.500	5.131	14%	7.403	7.9	7%
Corn	3.763	4.381	16%	6.108	6.9	13%
Feeds & fodders	1.076	1.138	6%	1.822	NA	NA
Oilseeds & products	5.120	4.202	-18%	6.779	5.9	-13%
Soybeans	3.297	3.067	-7%	4.086	3.7	-9%
Soybean meal	1.031	0.661	-36%	1.290	0.9	-30%
Soybean oil	0.206	0.167	-19%	0.404	0.4	-1%
Other vegetable oils	0.243	0.229	-6%	0.416	NA	NA
Livestock products	3.186	3.172	0%	5.391	5.5	2%
Red meats	1.242	1.233	-1%	2.327	NA	NA
Animal fats	0.323	0.281	-13%	0.524	NA	NA
Poultry products	0.421	0.481	14%	0.730	0.8	10%
Poultry meat	0.293	0.353	20%	0.513	NA	NA
Dairy products	0.280	0.180	-36%	0.489	0.4	-18%
Horticultural products	2.337	2.762	18%	4.159	5.0	20%
Unmanufactured tobacco	0.935	0.969	4%	1.274	1.3	2%
Cotton & linters	1.151	1.820	58%	2.059	2.9	41%
Planting seeds	0.334	0.411	23%	0.498	0.6	20%
Sugar & tropical products	0.710	0.815	15%	1.190	1.4	18%
Wood products 4/	3.195	3.684	15%	5.876	NA	NA
Total agricultural export value	24.517	25.217	3%	39.668	40.0	1%

	-- Mil. metric tons --			-- Mil. metric tons --		
			Change			Change
Grains & feeds 2/	67.536	71.563	6%	115.245	NA	NA
Wheat	21.426	16.294	-24%	37.775	32.0	-15%
Wheat flour	0.727	0.639	-12%	1.240	1.2	-3%
Rice	1.776	1.744	-2%	3.053	2.4	-21%
Feed grains 3/	36.386	44.622	23%	60.971	67.2	10%
Corn	30.498	38.982	28%	50.556	58.7	16%
Feeds & fodders	6.516	6.844	5%	11.005	11.5	4%
Oilseeds & products	16.169	17.915	11%	21.509	NA	NA
Soybeans	11.202	13.566	21%	14.111	16.6	18%
Soybean meal	3.634	3.023	-17%	4.655	4.1	-12%
Soybean oil	0.371	0.336	-9%	0.754	0.7	-7%
Other vegetable oils	0.395	0.374	-5%	0.683	NA	NA
Livestock products 5/	1.424	1.392	-2%	2.508	NA	NA
Red meats	0.391	0.399	2%	0.713	0.7	-2%
Animal fats	0.829	0.752	-9%	1.369	1.3	-5%
Poultry products 5/	0.272	0.338	24%	0.483	NA	NA
Poultry meat	0.261	0.332	27%	0.465	0.6	29%
Dairy products 5/	0.187	0.105	-44%	0.353	NA	NA
Horticultural products 5/	3.182	3.392	7%	3.799	4.5	18%
Unmanufactured tobacco	0.154	0.158	3%	0.258	0.2	-22%
Cotton & linters	0.853	1.143	34%	1.491	1.8	21%
Planting seeds	0.251	0.322	28%	0.497	NA	NA
Sugar & tropical products 5/	0.469	0.566	21%	0.933	NA	NA
Total agricultural export volume 5/	89.578	96.012	7%	146.771	150.0	2%

NA = Not available.

1/ Export forecasts are from May 30, 1990, "Outlook for U.S. Agricultural Exports."

2/ Includes pulses and corn gluten feed and meal.

3/ Includes corn, oats, barley, rye, and sorghum and products.

4/ Wood products are not included in agricultural product value totals.

5/ Includes only those items measured in metric tons.

Source: U.S. Bureau of the Census and May 30, 1990, "Outlook for U.S. Agricultural Exports."

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 6/20/90	Month ago	Year ago
<i>Wheat (c.i.f. Rotterdam) 2/</i>			
Canadian No. 1 CWRS 13.5%	185	199	NQ
U.S. No. 2 DNS 14 %	172	178	187
U.S. No. 2 SRW	144	150	171
U.S. No. 3 HAD	168	186	188
Canadian No. 1 durum	186	187	195
<i>Feed Grains (c.i.f. Rotterdam) 2/</i>			
U.S. No. 3 yellow corn	135	137	136
<i>Soybeans and Meal (c.i.f. Rotterdam) 2/</i>			
U.S. No. 2 yellow soybeans	247	270	269
U.S. 44 % soybean meal	NQ	NQ	NA
Brazil 48 % soy pellets	195	217	251
<i>U.S. Farm Prices 3/ 4/</i>			
Wheat	120	123	159
Barley	92	88	129
Corn	105	105	141
Sorghum	92	93	93
Broiler 5/	1,237	1,355	1,560
Soybeans 6/	220	230	269
<i>EC Import Levies</i>			
Common wheat	124	114	113
Durum wheat	155	156	170
Barley	107	108	111
Corn	107	108	114
Sorghum	117	108	122
Broilers	278	275	NA
<i>EC Export Restitution (subsidies)8/</i>			
Common wheat	50	74	23
Barley	41	71	*
Broilers	293	290	NA

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in \$/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in \$/metric ton: wheat, \$148; barley, \$109; corn, \$111; sorghum, \$106; soybean loan rate, \$168. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates, * denotes no award given since the previous month.

Note: The EC intervention prices, which are usually included in this table, will resume in November when the EC begins buying-in.

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